

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

PRESS RELEASE

www.IllinoisAttorneyGeneral.gov

**For Immediate Release
February 8, 2008**

Media Contact: Robyn Ziegler
312-814-3118
rzeigler@atg.state.il.us

MADIGAN FILES SUIT AGAINST U.S. ENERGY SAVINGS CORP.

Attorney General Alleges Company Used Misleading Sales Tactics to Sell Gas Contracts

Chicago - Attorney General Lisa Madigan filed a lawsuit Thursday in Cook County Circuit Court against U.S. Energy Savings Corp., for allegedly selling fixed-rate gas contracts using deceptive sales tactics that falsely promise significant consumer savings in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act.

"The lawsuit alleges that U.S. Energy's door-to-door sales force sold its "Natural Gas Fixed Price Program" to the participants of Northern Illinois Gas Company's (Nicor) Customer Select and Peoples Energy Choices for YouSM programs using various deceptive claims. Specifically, U.S. Energy sales people allegedly told consumers that the fixed-rate program would offer significant savings by locking them into a consistent gas price before rates allegedly spiked.

The complaint further alleges that U.S. Energy sales agents failed to tell consumers that the set price is actually higher than prices historically offered by regulated utility suppliers. Sales agents many times did not clarify that cancellation required a substantial penalty or indicated that consumers could cancel at any time without a penalty. The suit also alleges that some U.S. Energy sales agents negotiated contracts in English with non-English speakers.

"U.S. Energy is purposely deceiving consumers," Attorney General Madigan said. "Many of these families signed up for this program based on the false claim that they would save on their monthly utility bills. Instead, U.S. Energy locked them into a contract that actually charged them more for natural gas."

The complaint further alleges that customers are told during the solicitation that their bills will remain the same over the five-year contract. In fact, however, their bills may change every four months when U.S. Energy compares its estimated usage with actual usage. Moreover, when customers attempt to exercise their statutory three-day right to cancel the contract, the complaint alleges, some customers are instructed by automated message to call back at a different time, placed on hold indefinitely, transferred continuously, and/or disconnected without being able to cancel their contracts.

Madigan's Consumer Fraud Bureau has received 457 complaints against U.S. Energy, many of which were filed by senior citizens, and has reviewed more than 2,000 complaints from the Citizen's Utility Board and 254 filed with the Better Business Bureau.

Madigan's lawsuit asks the court to enter an order prohibiting U.S. Energy from engaging in these deceptive sales practices. It also asks for a civil penalty of \$50,000 for each violation committed with the intent to defraud and \$10,000 for each instance where a violation was committed against a person 65 years of age or older. Further, the suit asks the court to rescind the contracts signed as a result of these deceptive practices and offer full restitution to affected consumers. Finally, it asks the court require U.S. Energy to pay all costs associated with the investigation and prosecution of the lawsuit.

Assistant Attorney General Christine Nielsen is handling the case for Madigan's Consumer Fraud Bureau.

-30-

[Return to February 2008 Press Releases](#)

STATEMENT OF COMPLAINT FOR "SLAMMING"

1. In the late afternoon hours of May 25, 2007, US Energy Corp. representative S. Blount knocked on the door of the Olupitan family home, located at 9226 S. Parnell in Chicago, IL. Mrs. Mary Olupitan answered the door and listened to Blount's pitch regarding the benefits of switching over to US Energy Corp and looked at her most recent People's Gas bill and told her about how much money she would save for certain rising costs for energy in the coming years.
2. Mary Olupitan said to Blount, 'although that sounds good, my husband is responsible for the People's Gas bill in our home and he is not here right now. If you would like to come back at a time when he can discuss it with you, I will tell him about it, but he is the only person that can make the decision.'
3. Mary Olupitan did not hear anything back from US Energy Corp. or S. Blount, so she eventually forgot about the proposal altogether.
4. However, in the coming months, the Olupitans' gas bill doubled, near tripled and disconnection was threatened several times.
5. During this time, the layout of the bill remained near identical to the way their People's Gas bill had always looked. The only differences noticeable upon a studied examination were that the month to month price per therm for the energy was no longer included and on a second or back page, it said that US Energy Corp could be contacted for any problems with the bill.
6. Seven to eight months after their service had been switched without their knowledge to US Energy Corp, David Olupitan discovered that his service had been switched. He contacted both US Energy Corp and the State of Illinois Illinois Commerce Commission in efforts to resolve this issue.
7. Upon receiving a copy of the contract that his wife had signed from US Energy Corp, the Olupitans discovered that not only had her signature been forged (did not match her signature), but that their last name was misspelled.
8. In a letter dated February 26, 2008, nearly three weeks after Illinois Attorney General Lisa Madigan issued a press release stating that US Energy Corp would be sued by the State of Illinois for Deceptive Business Practices, the customer service department of US Energy Corp, agreed to

- cancel the fraudulent contract, "as a customer service gesture" and that early termination fees would be waived.
9. Eventually, on the bill that they received from People's Gas for May 27, 2008, US Energy Corp's "previous supplier balance" was deducted in the amount of \$1271.83.
 10. However, there has been no restoration of the amount that this unlawful practice cost the Olupitans. Over the period between June 2007 and March 2008, when service was restored to People's Gas, the Olupitans overpaid approximately \$0.30 per therm of energy used, which amounted to hundreds, if not thousands of therms over the same period.

**11. IN SUPPORT OF COMPLAINT, I HAVE ATTACHED
COPIES OF THE FOLLOWING:**

- a. Copy of May 25, 2007 bill, previous to unlawful changing of service
- b. Copy of July 30, 2007 bill, once service was switched to US Energy Corp.
- c. Copy of January 31, 2008 bill which showed \$430.15 supplier charges
- d. Copy of March 31, 2008 bill, which showed People's Gas as service provider
- e. Copy of May 27, 2008 bill, which refund of \$1,271.83 was taken off of bill to "remove previous supplier balance" by People's Gas
- f. February 26, 2008 Letter to David Olupitan for US Energy Savings Corp cancelling account and waiving early termination fees
- g. April 14, 2008 Letter to David Olupitan saying that they needed to contact him
- h. April 22, 2008 Letter from ICC requesting that he contact US Energy Savings Corp.
- i. May 9, 2008 Letter to Olupitans providing the contract that they requested (includes copy of contract with forged signature)
- j. Additional handwritten records of phone calls attempted by Olupitans to contact US Energy Savings Corp
- k. Copy of statement of Olupitans' bank, showing the business records kept in the course of regular business, with a page of returned checks written by Mary Olupitan, verifying her signature
- l. Illinois Attorney General Lisa Madigan's press release announcing intent to sue on U.S. Energy Savings Corp. for using misleading sales tactic to sell gas contracts.